



# **DoD's Financial Statement Reporting Impact of OMB A-123 Appendix A**

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# Financial Statement Reporting Impact



- Define Financial Statement Reporting Objective (“Mission”)
- Identify Financial Statement Lines based on Materiality
  - Quantitative vs. Qualitative
- Risk Assessment on Material Financial Statement Lines
  - Identification, analysis and management of risks relevant to preparing GAAP compliant financial statements
  - Risks may arise from internal or external events
- Identify Control Activities for Material Lines
  - Processes, systems, policies, procedures, segregation of duties, safeguarding assets, etc. are identified and documented (e.g. flowchart)

# Financial Statement Reporting Impact



- Assess Control Activities (Material Lines)
  - Existence and Occurrence
  - Completeness
  - Valuation and Measurement
  - Rights and Obligations
  - Presentation and Disclosure
  - Timeliness
- Report (Statement of Assurance)
  - Identify financial statement reportable conditions, material weaknesses and corrective actions
  - Refer to financial statements/lines that management asserts are ready for audit

# Financial Statement Reporting Impact



- Implement Corrective Actions
- Validate Resolution of Weakness
  - All corrective actions implemented
  - Existence, completeness, valuation, etc. are all present
  - Management, internal auditor, or contractor can perform
- Assert Financial Statements/Lines Ready for Audit
- Monitor
  - External auditor **assessment** that financial statement/line is ready for audit
  - External auditor **audit** of financial statement/line